

CHECKLIST ENVIRONMENTAL ASSESSMENT

Project Name:	Proposed Oil Well- State 16-11
Proposed Implementation Date:	Spring/Summer 2011
Proponent:	MCR LLC, PO Box 716, Shelby, MT 59474-Lessee & Operator
Location:	Section 11, T37N, R4E State #16-11 SW4SE4, 1162' FSL and 974' FEL
County:	Liberty
Trust:	Common Schools

I. TYPE AND PURPOSE OF ACTION

MCR LLC-lessee and operator has requested permission to drill an oil well on State Land in the Whitlash East State Unit. The well will be drilled into the Swift Formation (top of the Rierdon). The proposed well is located on classified grazing land. A drilling pad will be constructed and a single rig will drill the well. If sufficient quantities of oil are present, then commercial well sites will be developed. If tests indicate that commercial quantities of recoverable oil are not present, then the well will be plugged and reclaimed in conformance with standards approved by the Montana Board of Oil and Gas Conservation.

II. PROJECT DEVELOPMENT

1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

Provide a brief chronology of the scoping and ongoing involvement for this project.

MCR LLC-Lessee and Operator
DNRC-Surface and Mineral Owner
Montana Board of Oil and Gas Conservation

2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

Montana Board of Oil and Gas Conservation permit form 22 has been submitted for approval for the well. MCR LLC has the State of Montana Oil and Gas lease #OG-6423-61A associated with this state land. DNRC is not aware of any other agencies with jurisdiction or other permits needed to complete this project.

3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Deny MCR LLC-Lessee and Operator permission to drill the oil well.

Alternative B (the Proposed action) – Grant MCR LLC-Lessee and Operator permission to drill the oil well using the Conrad Unit Office's recommendations to minimize adverse environmental impacts.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.

Soils at the proposed well sites are silty to clayey in texture. Deep top soil (A horizon) is present. The well was moved 300 feet southeast to flatter topography in order to minimize cut and fills. This location has a moderate slope and will require 10 feet of cut and 6 feet of fill. The well site pad will require dirt work and leveling. Cut and fill area will be graded to 2 to 1 sloped to reduce erosion. The top 12 inches of soil will be removed from the well site and stock piled for reclamation purposes. Access to the well sites will be from Flat Coulee Road then cross country road to the well site. Road improvements will not be needed at this time. The proposed action may cause localized areas of soil erosion and compaction from the manipulation of vehicles and equipment on the surface. The proposed action will temporarily disturb a small portion of the landscape. Reclamation and returning this site to rangeland production will minimize long-term soil loss. Silt fence will be utilized to minimize any erosion of the site while drilling and reclamation is taking place. No long-term negative impacts on the soil resources are expected. The rangeland areas will be reseeded per the seeding recommendations included in item #7.

5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.

There are numerous documented and/or recorded water rights associated with the proposed project area. There is also a reservoir located below the proposed project area. The proponent will be required to protect the surface water by installing silt fence around the disturbed soils and drainage improvements around the well site to help protect surface water.

Other water quality and/or quantity issues will not be impacted by the proposed action.

6. AIR QUALITY:

What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.

Dirt work associated with drilling operations and general vehicle traffic on area road will generate airborne dust. These activities will minimally affect air quality for a very limited amount of time. No cumulative effects to air quality are anticipated.

7. VEGETATION COVER, QUANTITY AND QUALITY:

What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.

A 60' X 10' well pad area will be impacted by ground leveling, the removal of topsoil and the manipulation of vehicles on the ground surface. The proponent will be responsible for annual and noxious weeds that may arise from implementing this proposed action. The site will be returned to grazing land following site reclamation. The proposed action will impact a small portion of the landscape. Following drilling operations disturbed areas will be reclaimed and reseeded with the following species: western wheatgrass 35%, slender wheatgrass 35%, blue bunch wheatgrass 15%, green needle grass, 10%, and Lewis blue flax 5%. The seeding rate will be 7 lbs/acre if drilled and 14 lbs/acre if broadcast seeded.

A review of Natural Heritage data through the NRIS was conducted for T37N, R4E. There was one species of concern and zero potential species of concern noted on the NRIS survey: Flowering Plants-Long-sheath Waterweed. The proposed project area has been previously disturbed in road construction and does not contain this species in the proposed project area.

8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.

The area is not considered critical wildlife habitat. However, this tract provides habitat for a variety of big game species (mule deer, whitetail deer, and pronghorn antelope), predators (coyote, fox, and badger), upland game birds (sharp tail grouse, Hungarian partridge), other non-game mammals, raptors and various songbirds. The proposal does not include any land use change which would yield changes to the wildlife habitat. The proposed action will not impact wildlife forage, cover, or traveling corridors. Nor will this action change the juxtaposition of wildlife forage, water, or hiding and thermal cover. Wildlife usage is expected to return to "normal" (pre-action usage) following the drilling operations. The proposed action will not have long-term negative effects on existing wildlife species and/or wildlife habitat.

9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.

There are no known threatened or endangered species, sensitive habitat types, or other species of special concern associated within the proposed project area. At this time, no known unique, endangered, fragile or limited environmental resources have been identified within the proposed project area.

A review of Natural Heritage data through the NRIS was conducted for T37N, R4E. There were five species of concern and one potential species of concern noted on the NRIS survey: Birds—Sprague's Pipit, Chestnut-collared Longspur, Long-billed Curlew, McCown's Longspur, Sharp-tailed Grouse, and Swainson's hawk. This particular tract of native rangeland does not contain many, if any of these species. If any are present, they will be dispersed into the surrounding permanent cover and return to the project area once it is completed.

10. HISTORICAL AND ARCHAEOLOGICAL SITES:

Identify and determine effects to historical, archaeological or paleontological resources.

A cultural resource inventory was completed by the Conrad Unit Office on September 17, 2013. No cultural resources were found within the project area. Cultural resources will not be impacted by this proposed project.

11. AESTHETICS:

Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.

The proposed action will occur in a remote area and will not cause a large change in the aesthetic character of the land. The main industries in this area are agricultural, grazing, and oil and gas production. The proposed well is located in the Whitlash East State Unit, which is a producing oil field. There are several producing oil wells in the immediate area which are located on state land. If a producing well is developed, a small portion of the lands aesthetic character will be changed. Daytime noise levels may slightly increase during the time of the project, but noise levels will return to "normal" (pre-action conditions) after the project is completed. No other changes to the aesthetics character of the land area are expected.

12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:

Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.

The demand on environmental resources such as land, water, air, or energy will not be affected by the proposed action. The proposed action will not consume resources that are limited in the area. There are no other projects in the area that will affect the proposed project.

13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.

The proposed well is located in the Whitlash Oil field, Whitlash East State Unit. There are no other projects or plans being considered on the tract listed on this EA.

IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

14. HUMAN HEALTH AND SAFETY:

Identify any health and safety risks posed by the project.

The proposed well will not change human safety in the area.

15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

Identify how the project would add to or alter these activities.

The proposed well is located in the Whitlash East State Unit, which is a producing oil field. There are several producing oil wells in the immediate area. The intent of the proponent's action is to locate and remove oil for commercial sale. If tests indicate the existence of economically recoverable quantities of oil, the producing well will be established, and extraction will follow. If a producing well is developed, the Common School Trust will receive royalty payments at current market rate for all oil produced by the well. Activities associated with the proposed action will minimally affect the surface use of the land (grazing). A minimal amount of acreage will be taken out of grazing production if a producing well is developed. All actual damages to the surface have been mitigated between the surface lessee and the proponent. The project will not add to or deter from other industrial, commercial, or agricultural activities in the area.

No direct or cumulative impacts are anticipated as a result of the proposal.

16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:

Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.

The proposed action will create well drilling jobs and generally add to the economy of surrounding communities.

17. LOCAL AND STATE TAX BASE AND TAX REVENUES:

Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.

The proposed action will add to the tax revenue.

18. DEMAND FOR GOVERNMENT SERVICES:

Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services

There will be slight increases in traffic, no changes in traffic patterns, and no need for additional fire protection, or police services. MCR LLC is working with Liberty County's Road Department to obtain Trucks Entering signs for the proposed well sites in order to further mitigate increases in traffic caused during drilling.

There will be no direct or cumulative effects on government services.

19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:

List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.

The proposed action is in compliance with State and County laws. No other management plans are in effect for the area.

20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:

Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.

This tract of state land is rural and generally has low recreational value. The tract is legally accessible and the proposed action is not expected to impact general recreational use or other activities on this state tract.

21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:

Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing

The proposal does not include any changes to housing or developments.

No direct or cumulative effects to population or housing are anticipated.

22. SOCIAL STRUCTURES AND MORES:

Identify potential disruption of native or traditional lifestyles or communities.

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

23. CULTURAL UNIQUENESS AND DIVERSITY:

How would the action affect any unique quality of the area?

The proposed action will not impact the cultural uniqueness or diversity of the area.

24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:

Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.

The proponent has interest in the State of Montana Oil and Gas Lease #OG-6423-61A that is associated with this state land tract. This lease entitles them to reasonable development of oil and gas wells on this tract after DNRC review. The Common School trust will be compensated for all oil removed from producing wells. The surface lessee will receive \$100.00 for surface damages.

	Name: Erik Eneboe	Date: September 20, 2013
	Title: Conrad Unit Manager, Central Land Office	

V. FINDING

25. ALTERNATIVE SELECTED:

Alternative B

26. SIGNIFICANCE OF POTENTIAL IMPACTS:

The completion of the EA Checklist did not identify impacts that could not be reasonably mitigated. The pad location was moved to mitigate disturbance impacts.

27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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EIS

☐

More Detailed EA

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No Further Analysis

**EA Checklist
Approved By:**

Name:

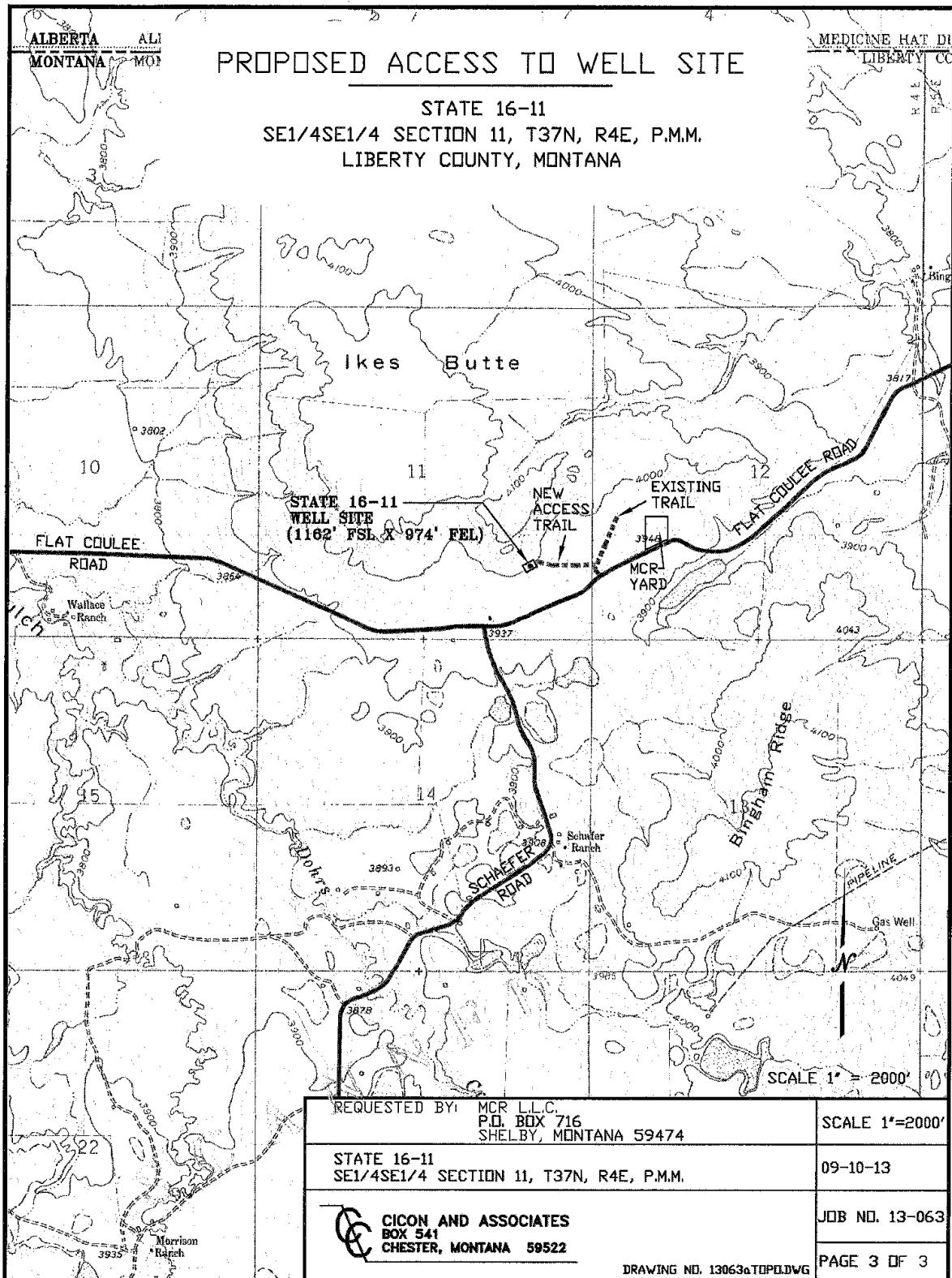
Hoyt Richards

Title:

Area Manager, Central Land Office

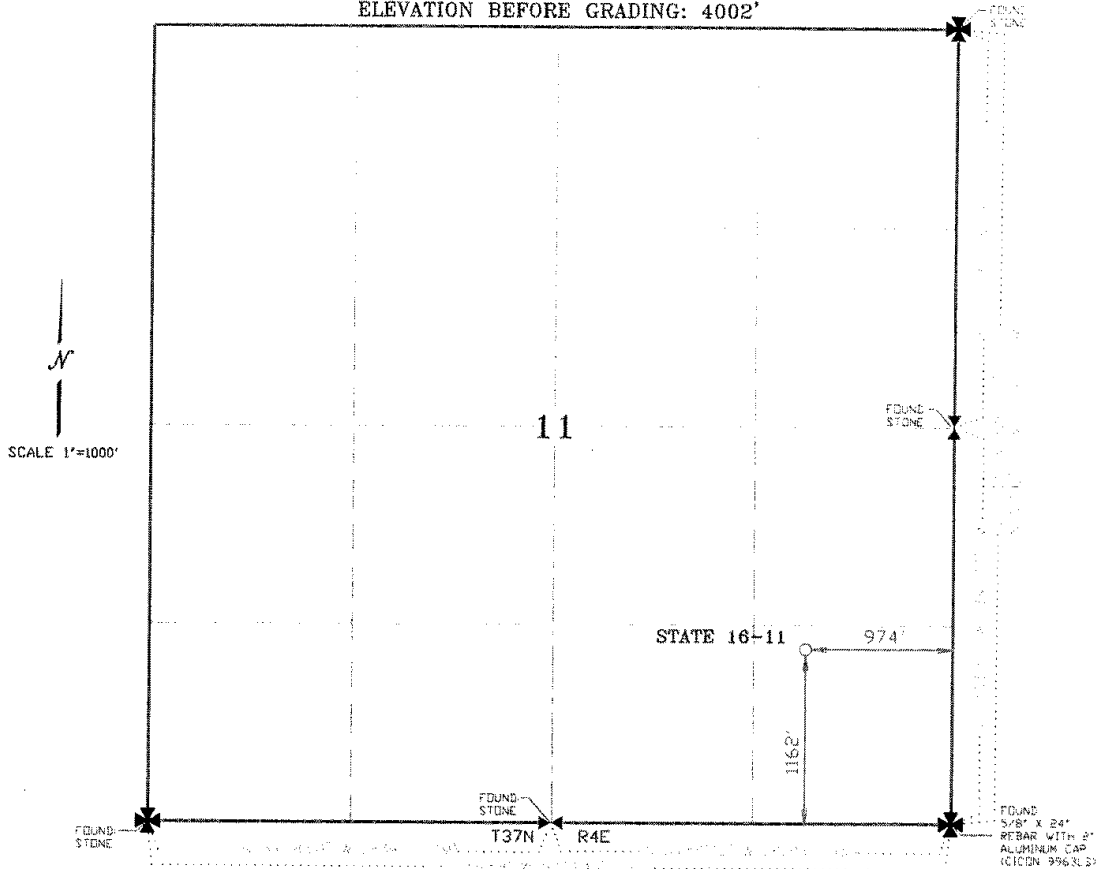
Signature: /s/

Date: 9/23/2013



WELL LOCATION

STATE 16-11
SE1/4SE1/4 SECTION 11, T37N, R4E, P.M.M.
LIBERTY COUNTY, MONTANA
1162' FSL X 974' FEL
ELEVATION BEFORE GRADING: 4002'



ELEVATION BEFORE GRADING: 4002'
BASIS - NAVD 29

GEOGRAPHIC COORDINATES:
48°58'30.6" N 111°09'52.4" W (NAD 83 BASIS)

BASE POSITION FOR GEOGRAPHIC COORDINATES:
48°58'19.2" N 111°10'56.6" W (NAD 83 BASIS)
(BEACON DERIVED)

LOCAL GRID CENTER POSITION:
48°53'59.5" N 111°11'49.9" W (NAD 83 BASIS)

LAND USE: GRASSLAND

NO ATTEMPT HAS BEEN MADE BY THE SURVEYOR TO
LOCATE UNDERGROUND STRUCTURES OR BURIED UTILITIES,
AND APPROPRIATE AGENCIES AND SURFACE LANDOWNERS
MUST BE CONTACTED FOR FIELD LOCATION
OF ANY UNDERGROUND STRUCTURES OR
BURIED UTILITIES BEFORE ANY CONSTRUCTION
COMMENCES. CALL 1-800-424-5555
BEFORE ANY CONSTRUCTION COMMENCES.

NOTE: SUBDIVISION LINES AND GOVERNMENT
LOT BOUNDARIES ARE SHOWN FOR DEPICTIVE
PURPOSES ONLY AND SHOULD NOT BE
USED FOR SCALING OR LOCATION PURPOSES.

ON THE BASIS OF MY KNOWLEDGE, INFORMATION
AND BELIEF, I CERTIFY THAT AS A RESULT OF
A SURVEY MADE ON THE GROUND TO THE
NORMAL STANDARD OF CARE OF PROFESSIONAL
LAND SURVEYORS PRACTICING IN THE STATE
OF MONTANA, I FIND THE LOCATION OF THE
STATE 16-11 AS SHOWN ON THE SUBJOINED
DRAWING.

RUDY S. CICON

REQUESTED BY: MCR L.L.C.
P.O. BOX 716
SHELBY, MONTANA 59474

STATE 16-11
SE1/4SE1/4 SECTION 11, T37N, R4E, P.M.M.

CICON AND ASSOCIATES
BOX 541
CHESTER, MONTANA 59522

SCALE 1"=1000'

09-10-13

JOB NO. 13-063

SHEET 1 OF 3

DRAWING NO. 13063aMCR.DWG

